

Message Text

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C O N F I D E N T I A L HONG KONG 14650

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: PINT ECON PROP CH
SUBJECT: "REVOLUTION" TAKING A LOWER PROFILE IN PEKING'S PRODUCTION/MODERNIZATION PRIORITIES

SUMMARY. PEKING'S ATTACKS ON THE PURGED POLITBURO LEADERS HAVE INCREASINGLY CONCENTRATED ON THE GANG'S DISRUPTION OF PRODUCTION AND PRC EFFORTS TO MODERNIZE CHINA. THIS ATTACK HAS LED TO THE CREATION OF SOME NEW EMPHASES IN THE CHINESE BALANCE OF REVOLUTION AND PRODUCTION WHICH GIVE CONSIDERABLY HEAVIER EMPHASIS TO PRODUCTION THEMES. PEKING'S SHIFTING OF THE TRADITIONAL REVOLUTION/PRODUCTION EQUATION COULD AFFECT THE CHINESE PERCEPTION OF SECTORAL DEVELOPMENT PRIORITIES AND COULD RESULT IN A MODEL OF ECONOMIC DEVELOPMENT MORE CLOSELY RESEMBLING THE SOVIET UNION'S END SUMMARY.

1. WITH ATTACKS ON THE "GANG OF FOUR" INCREASINGLY
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CONCENTRATING ON THEIR DISRUPTION OF CHINESE PLANS TO MODERNIZE THE COUNTRY, CHINESE MEDIA HAVE PRODUCED A SERIES OF ARGUMENTS WHICH COULD INDICATE SOME MORE BASIC SHIFTS IN THE TRADITIONAL CHINESE ATTITUDE TOWARD THE RELATIONSHIP OF REVOLUTION AND PRODUCTION. AN ARTICLE WRITTEN BY THE MASS CRITICISM GROUP OF THE FIRST MACHINE

BUILDING MINISTRY HAS RESURRECTED A MAO QUOTATION FROM 1949'S SECOND PLENUM OF THE SEVENTH PARTY CONGRESS IN WHICH THE CHAIRMAN STATES THAT THE PARTY WILL FAIL IF IT CANNOT "RESTORE AND DEVELOP PRODUCTION" AND "ACHIEVE SOLID SUCCESSES" FOR THE "LIVELIHOOD OF THE WORKERS" (TA KUNG PAO DECEMBER 13). ANOTHER NATIONAL-LEVEL CRITICISM GROUP HAS SUGGESTED THAT THE STRUGGLE AGAINST CAPITALIST TENDENCIES AND BOURGEOIS RIGHTS MUST BE CARRIED OUT ON A VOLUNTARY BASIS AS THESE RESTRICTIONS APPLY TO FREE MARKETS AND SIDELINE OCCUPATIONS (HONG KONG 14367).

2. MORE POTENTIALLY SIGNIFICANT THAT THESE, HOWEVER, IS A DECEMBER RED FLAG ARTICLE ON MODERNIZATION WHICH ASSERTS THAT ACHIEVING MODERNIZATION OF AGRICULTURE, INDUSTRY, NATIONAL DEFENSE, AND SCIENCE AND TECHNOLOGY -- THE SO-CALLED "FOUR MODERNIZATIONS" -- IS AN IMPORTANT STEP IN REALIZING COMMUNISM AND ACHIEVING THE PARTY'S BASIC PROGRAM. THE ARTICLE ASSERTS THAT CONCENTRATION ON THE FOUR MODERNIZATIONS DOES NOT MEAN A SURRENDERING OF REVOLUTIONARY COMMITMENT AND A MAINTENANCE OF THE PROPER IDEOLOGICAL LINE IN CARRYING OUT MODERNIZATION. BUT, WHILE ARGUING THAT "FIRST GRASPING SOCIALIST REVOLUTION WELL" IS THE WAY TO GO ABOUT BOOSTING THE SOCIETY'S MATERIAL BASE, THE ARTICLE ARGUES THAT MAN'S ACTIVITIES IN PRODUCTION ARE THE MOST FUNDAMENTAL AND PRECEDE OTHER ACTIVITIES. THUS, "THE MORE AND FASTER THE DEVELOPMENT OF SOCIALIST PRODUCTION THE BETTER".

3. ONE ITEM IN THE PRAISE OF THE MODERNIZATION EFFORT IS WORTHY OF SPECIAL ATTENTION FOR ITS POTENTIAL IMPLICATION
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FOR CHINA'S DEVELOPMENT PRIORITIES. INSTEAD OF REFERRING TO CHAIRMAN MAO'S TRADITIONAL RANKING OF "AGRICULTURE, LIGHT INDUSTRY, HEAVY INDUSTRY", THE ARTICLE QUOTES LENIN THAT: "THE ONLY MATERIAL FOUNDATION IS THE HEAVY MACHINERY INDUSTRY WHICH CAN TRANSFORM AGRICULTURE AT THE SAME TIME. ONLY WITH SUCH BIG INDUSTRY CAN THE PROLETARIAT CONSOLIDATE ITS OWN DICTATORSHIP". THIS LINE IS REMINISCENT OF THE ONE FOR WHICH TENG HSIAO-PING WAS CRITICIZED BECAUSE HE WANTED TO TAKE "STEEL" AND THE "KEY LINK", AND ALTHOUGH IT DOES PAY LIP-SERVICE TO THE USE OF HEAVY INDUSTRY TO PROMOTE AGRICULTURE, IT SUGGESTS THAT HEAVY INDUSTRY SHOULD RECEIVE PRIORITY ATTENTION.

4. SUCH AN ARGUMENT LENDS ITSELF MORE TO THE SOVIET SYSTEM AND STYLE OF ECONOMIC DEVELOPMENT PRIORITIES THAN THE ONE USED BY CHAIRMAN MAO. HOWEVER, IT MAY MEAN THAT THE CHINESE FEEL THAT THE SITUATION IN AGRICULTURE IS SUFFICIENTLY STABLE TO ALLOW THE REGIME TO CONCENTRATE

MORE ON INDUSTRY. HEAVY INDUSTRY, OF COURSE, HAS ALWAYS
HAD THE LION'S SHARE OF INVESTMENT CAPITAL, EVEN UNDER
MAO'S TRADITIONAL PRIORITIES.
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